

WASHINGTON, DC -- Congresswoman Linda Sánchez, Chairwoman of the House Judiciary Subcommittee on Commercial and Administrative Law (CAL), issued the following opening statement today at the CAL Subcommittee legislative hearing on the State Video Tax Fairness Act of 2007.

“In an era when genre-specific networks rule the airways and the public wants their entertainment “on demand,” cable and satellite services are more popular than ever. Nearly 100 million U.S. households receive their television programming either from cable or satellite providers. Consumers choose their television service provider based on a variety of factors, including the benefits offered, the availability in the particular location, and cost. No matter which other considerations are important, for most consumers, the total cost of a subscription will always be one of the deciding factors.

“State and local taxes and fees are often overlooked by consumers trying to make smart choices. Because consumers don’t know how much those fees might be, or how those fees might change if the chosen service provider changes, few can make an informed decision between satellite and cable on the basis of price. Many simply are not aware that, depending on the state, a consumer may pay more depending on the chosen television service. Considering the current economic outlook, the differences in taxes could lead some consumers in a particular state to choose one television programming service provider over another to save money. Such decisions, taken together, could reduce competition for all consumers, and therefore lead to higher prices.

“Today’s hearing will discuss whether there is discriminatory tax treatment by state governments in the video programming services industry. Additionally, we will examine what accounts for the differences in tax treatment between the two industries. Finally, we will examine H.R. 3679, the State Video Tax Fairness Act, and whether this approach ensures competition in the industry for the benefit of consumers.”